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Letter Ruling 79-39: Materials Purchased and Consumed by Contractor

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October 16, 1979

You have requested a ruling with respect to sales tax on materials which you purchase and use in the course of your business.

You perform maintenance work on service stations for several oil companies. An example of this work is filling in pot holes in black top at these service stations. You state that it has been your practice to itemize your bills and charge your customers a sales tax on the materials which you consume under your maintenance contracts. A supplier of your maintenance materials has billed you for the Massachusetts sales tax and you request a ruling as to whether this is proper and whether the sales tax can be imposed both on your purchases and your sales.

As a contractor you are the consumer of the materials you purchase for filling in the holes in the pavement and similar repairs and maintenance to real estate at service stations. You properly pay a sales tax on such materials to your vendor and should not collect a sales tax on your charges to your customer, although the sales tax which you have paid will no doubt be reflected in the charges you make for your work.

Very truly yours,

/s/L. Joyce Hampers

L. Joyce Hampers
Commissioner of Revenue

LJH/JJW/jmcd

LR 79-39

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